Public Notice – Rate Methodology for Medical Respite

Posted on October 29, 2026

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
MED-QUEST DIVISION

NOTICE FOR A PUBLIC NOTICE ON MEDICAL RESPITE RATES

In accordance with the public notice requirement of Title 42, Section §447.205 of the Code of Federal Regulations, the State of Hawai'i, Department of Human Services (DHS), Med-QUEST Division (MQD), hereby notifies the public that MQD intends to submit a rate methodology for Nutrition Supports services provided under Hawai'i QUEST Integration[1] to the Centers for Medicare and Medicaid Services (CMS). Under provisions of federal law, the State is required to issue public notice of proposed changes in statewide methods and standards for setting Medicaid payment rates.

PURPOSE

The purpose of this posting is to provide public notice regarding proposed updates to MQD's rate methodology for Medical Respite services.

OVERVIEW OF PROPOSED RATE SETTING

MQD will implement two rates for Medical Respite services based on the National Institute for Medical Respite Care Models of Care[2] and MQD standards: a lower intensity (MQD Level 1/2) rate and a higher intensity (MQD Level 3/4) rate. The lower intensity (MQD Level 1/2) rate is unchanged from January 2026; the higher intensity (MQD Level 3/4) rate is new. The estimated effective date is January 1, 2027.

Medical Respite services provide Medicaid members experiencing or at risk of experiencing homelessness with a safe place to prepare for planned procedures or treatments or to recover and heal following discharge from an institution. Medical Respite services provide short-term housing alongside limited clinical or supportive services to members with eligible medical, psychiatric, or substance use disorder-related needs. Medical Respite services are expected to increase the annual aggregate expenditures/reimbursement/payment for Medical Respite Providers by $14 million under QUEST Integration. The fee schedule for Medical Respite is available for review in Table 1.

Table 1: Hawaii Department of Human Services, Med-QUEST Division (MQD) Medical Respite Fee Schedule

Service Category	Service Description	Unit of Service/ Payment	Proposed Rate and HCPCS Code	Methodology
Short-Term Pre-Procedure Housing	**Pre-Procedure Housing-benefit usage** Housing and support for members with a	Per diem	MQD Level 1/2 – QI & CCS: $274 per member per day	Composite rate developed using an independent rate methodology

[1] QUEST Integration is Hawai'i's Section 1115 Medicaid Demonstration Waiver. The current QUEST Integration renewal allows the State to continue QUEST Integration for an additional five years, from January 8, 2025, to December 31, 2029.
[2] National Health Care for the Homeless Council (NHCHC), Models of Medical Respite Care (2025). https://nhchc.org/wp-content/uploads/2025/03/Models-of-Medical-Respite-Care_2025_final.pdf

	planned medical procedure requiring preparatory care		S5151 with modifier SC	based on projected staffing, administration, transportation, and room and board costs required for Level 1 and Level 2 services.
		Per diem	MQD Level 3/4 – QI & CCS: $412 per member per day S5151 with modifier U1	Composite rate developed using an independent rate methodology based on projected staffing, administration, transportation, and room and board costs required for Level 3 and Level 4 services.
	Post-Procedure Housing benefit usage Housing and support for members with a planned medical procedure requiring care following treatment	Per diem	MQD Level 1/2 – QI & CCS: $274 per member per day S5151 with modifier SE	Composite rate developed using an independent rate methodology based on projected staffing, administration, transportation, and room and board costs required for Level 1 and Level 2 services.
		Per diem	MQD Level 3/4 – QI & CCS: $412 per member per day S5151 with modifier U2	Composite rate developed using an independent rate methodology based on projected staffing, administration, transportation, and room and board costs required for Level 3 and Level 4 services.
Short-Term Recuperative Care	Housing and clinically oriented support for members with ongoing medical and psychiatric needs	Per diem	MQD Level 1/2 – QI & CCS: $274 per member per day S9125 with modifier 22	Composite rate developed using an independent rate methodology based on projected staffing, administration, transportation, and room and board costs required for Level 1 and Level 2 services.
		Per diem	MQD Level 3/4 –	Composite rate

			QI & CCS: $412 per member per day S9125 with modifier UA	developed using an independent rate methodology based on projected staffing, administration, transportation, and room and board costs required for Level 3 and Level 4 services.
Short-Term Post-Hospitalization Housing	Housing and limited support for members in continued recovery from a physical, psychiatric, or substance use condition following discharge or exit from an institution	Per diem	MQD Level 1/2 – QI & CCS: $274 per member per day S9125 with modifier SC	Composite rate developed using an independent rate methodology based on projected staffing, administration, transportation, and room and board costs required for Level 1 and Level 2 services.
		Per diem	MQD Level 3/4 – QI & CCS: $412 per member per day S9125 with modifier U7	Composite rate developed using an independent rate methodology based on projected staffing, administration, transportation, and room and board costs required for Level 3 and Level 4 services.

PUBLIC COMMENT SUBMISSION PROCESS

MQD welcomes interested parties to submit comments and concerns about the rate methodology or its effects no later than 30 days from the time this notice is posted. All comments are subject to public review and disclosure, as are the names of those who comment. Individuals may submit written comments:

By email: CIS-MQD@dhs.hawaii.gov – Please identify in the subject line: *Medical Respite Rate Methodology.*

By mail:
Department of Human Services, Med-QUEST Division
Attention: Health Care Services Branch
P.O. Box 700190
Kapolei, Hawaii 96709

DEPARTMENT OF HUMAN SERVICES, MED-QUEST DIVISION
MEREDITH NICHOLS
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